

# MiFID II: RTS 28

**Commonwealth Bank of Australia**

April 2018

**Commonwealth**Bank  
of Australia



# MiFID II: RTS 28

## 1. Introduction

This document sets out information concerning top five execution venues and information on the quality of execution obtained that we are required to disclose to our clients by article 27(6) of the Markets in Financial Instruments Directive 2014/65/EU (**MIFID II**). The obligation to disclose this information relates to services or activities provided to our clients by Commonwealth Bank of Australia, London Branch (**CBA LB**) and CBA Europe Limited (**CBAE**) (together, '**we**,' '**us**,' '**our**') in accordance with the Terms of Business.

### *Relationship between CBAE and CBA LB*

CBAE is a separately incorporated UK subsidiary of CBA, registered in the UK and authorised and regulated by the FCA. CBAE is not an execution venue and instead receives and transmits orders to CBA LB and other branches of CBA. The use of CBA as an execution venue provides specific benefits to client executions and these factors include, but are not limited to, governance, oversight and transparency of an order, consistency of order handling and front to back transaction processing.

CBA LB will typically act in a principal capacity where transactions entered into with clients and counterparties will be executed against CBA's proprietary capital. As there are no in-scope orders received directly by CBA LB, this report serves the obligation to publish top five execution venues and information on the quality of execution obtained for both CBAE and CBA LB.

### *Reporting Period*

As per the article 27(6) of MIFID II, the investment firms are required to publish this report on an annual basis for the client orders received in the preceding year. Accordingly, for the purpose of this report, the reporting period has been set as the preceding calendar year of 2017.

Some of the reporting requirements, such as order categorization into Aggressive, Passive or Directed orders, came into effect with MiFID II go-live this year. For 2017 reporting period, such information has been retrospectively filed in on a best effort basis.

### *Financial Instruments*

During 2017, CBAE received and transmitted orders to CBA LB on Financial Instruments under following asset classes:

- Foreign exchange
- Bonds
- Interest rate derivatives
- Commodities derivatives

In order to assess the orders where Best Execution obligation applies, we have considered factors such as:

- orders received from eligible counterparties (ECPs)
- primary market issuances
- spot transactions
- lack of evidence of legitimate reliance placed on us by the client for best execution as per the four-fold test

Upon application of the factors such as the ones listed above, the resulting asset classes where we owed Best Execution to our clients were Bonds and Interest rate derivatives. This report provide the information on top five execution venues and information on the quality of execution for Bonds and Interest rate derivatives only.

## 2. RTS 28 Report on orders excluding Securities Financing Transactions (SFTs)

### 2.1. Equities – Shares & Depositary Receipts

#### 2.1.1. Tick size liquidity bands 5 and 6 (from 2000 trades per day)

##### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Equities – Shares & Depositary Receipts Tick size liquidity bands 5 and 6 (from 2000 trades per day)				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

##### *Quality of Execution Report*

Does not apply

#### 2.1.2. Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

##### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Equities – Shares & Depositary Receipts Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

##### *Quality of Execution Report*

Does not apply

### 2.1.3. Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)

#### Top Five Execution Venue Report

<b>Class of Instrument</b>	Equities – Shares & Depository Receipts Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### Quality of Execution Report

Does not apply

## 2.2. Debt instruments

### 2.2.1. Bonds

#### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Debt instruments Bonds				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Commonwealth Bank of Australia (CBA) MSFSBD3QN1GSN7Q6C537	100%	100%	100%	0%	0%

#### *Quality of Execution Report*

Generally, we consider that the most important execution factor for our Professional Clients is the price at which the transaction is executed. We made every attempt to fill the client order at the price level set by the client by filling the order from our own inventory and external market.

All of the Bond orders came from customers classified as Professional Clients with no orders coming from Retail Clients.

As we executed the Bond orders on a principal-to-principal basis using our own proprietary capital, all the Bond trades are executed with CBA.

Since we do not run an order book with a view to match participants providing or taking away liquidity, we have considered all orders to be providing liquidity and hence, classified them as Passive Orders.

## 2.2.2. Money markets instruments

### Top Five Execution Venue Report

<b>Class of Instrument</b>	Debt instruments Money markets instruments				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

### Quality of Execution Report

Does not apply

## 2.3. Interest rates derivatives

### 2.3.1. Futures and options admitted to trading on a trading venue

#### Top Five Execution Venue Report

<b>Class of Instrument</b>	Interest rates derivatives Futures and options admitted to trading on a trading venue				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Commonwealth Bank of Australia (CBA) MSFSBD3QN1GSN7Q6C537	100%	100%	100%	0%	0%

### Quality of Execution Report

Generally, we consider that the most important execution factor for our Professional Clients is the price at which the transaction is executed. For the Interest Rate Options deals that we structured for our clients, the main consideration was the premium at which the transactions were executed along with the likelihood of execution.

Given the bespoke nature of such deals and the lack of comparable instruments, we provided the clients with the premium of a vanilla deal that excludes any charges and the details on the associated charges such as downgrade trigger costs to ensure price transparency. For restructuring requests, we provided the clients with options such as unwind and execute a new deal or upsize and extend an existing deal for clients to compare costs associated with the different restructuring options.

Since we do not run an order book with a view to match participants providing or taking away liquidity, we have considered all orders to be providing liquidity and hence, classified them as Passive Orders.

### 2.3.2. Swaps, forwards, and other interest rates derivatives

#### Top Five Execution Venue Report

<b>Class of Instrument</b>	Interest rates derivatives Swaps, forwards, and other interest rates derivatives				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### Quality of Execution Report

Does not apply

## 2.4. Credit derivatives

### 2.4.1. Futures and options admitted to trading on a trading venue

#### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Credit derivatives Futures and options admitted to trading on a trading venue				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### *Quality of Execution Report*

Does not apply

### 2.4.2. Other credit derivatives

#### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Credit derivatives Other credit derivatives				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### *Quality of Execution Report*

Does not apply



## 2.5. Currency derivatives

### 2.5.1. Futures and options admitted to trading on a trading venue

#### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Currency derivatives Futures and options admitted to trading on a trading venue				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### *Quality of Execution Report*

Does not apply

### 2.5.2. Swaps, forwards, and other currency derivatives

#### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Currency derivatives Swaps, forwards, and other currency derivatives				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### *Quality of Execution Report*

Does not apply

## 2.6. Structured finance instruments

### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Structured finance instruments				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

### *Quality of Execution Report*

Does not apply

## 2.7. Equity derivatives

### 2.7.1. Options and Futures admitted to trading on a trading venue

#### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Equity derivatives Options and Futures admitted to trading on a trading venue				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### *Quality of Execution Report*

Does not apply

### 2.7.2. Swaps and other equity derivatives

#### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Equity derivatives Swaps and other equity derivatives				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### *Quality of Execution Report*

Does not apply

## 2.8. Securitized Derivatives

### 2.8.1. Warrants and Certificate Derivatives

#### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Securitized Derivatives Warrants and Certificate Derivatives				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### *Quality of Execution Report*

Does not apply

### 2.8.2. Other securitized derivatives

#### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Securitized Derivatives Other securitized derivatives				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### *Quality of Execution Report*

Does not apply

## 2.9. Commodities derivatives and emission allowances Derivatives

### 2.9.1. Options and Futures admitted to trading on a trading venue

#### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Commodities derivatives and emission allowances Derivatives Options and Futures admitted to trading on a trading venue				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### *Quality of Execution Report*

Does not apply

### 2.9.2. Other commodities derivatives and emission allowances derivatives

#### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Commodities derivatives and emission allowances Derivatives Other commodities derivatives and emission allowances derivatives				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

#### *Quality of Execution Report*

Does not apply

## 2.10. Contracts for difference

### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Contracts for difference				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

### *Quality of Execution Report*

Does not apply

## 2.11. Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)

### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

### *Quality of Execution Report*

Does not apply

## 2.12. Emission allowances

### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Emission allowances				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

### *Quality of Execution Report*

Does not apply

### 3. RTS 28 Report on Securities Financing Transactions (SFTs)

#### 3.1. Other instruments

##### *Top Five Execution Venue Report*

<b>Class of Instrument</b>	Securities Financing Transactions				
<b>Notification if &lt;1 average trade per business day in the previous year</b>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
Nil	Nil	Nil	Nil	Nil	Nil

##### *Quality of Execution Report*

Does not apply



## Important Note

This information is provided by us for illustrative purposes and in order to satisfy our legal obligations and regulatory disclosure requirements and does not relate to any services or activities provided by any other CBA group entity and/or branch. This document does not constitute marketing material nor should it be considered as a recommendation, solicitation or offer to purchase or sell a Financial Instrument. The provision of this document does not constitute us providing with any investment advice. If you enter into a transaction with us, our relationship will be governed by our Terms of Business and the terms of the transaction will be agreed between us and set out in the relevant Product Agreement (as defined in our Terms of Business) .